

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

50X1-HUM

COUNTRY	East Germany	REPORT	
SUBJECT	Money Originally Allocated for the Chemical Industry to be Used for Consumer and Construction Industries	DATE DISTR.	25 November 1953
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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

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1. On 1 July 1953, President Otto Grotewohl announced to the representatives of all technical ministries of East Germany the Ministerrat's decision in favor of the New Course under which large sums, originally allocated for the technical ministries, are to be withdrawn and used for the consumer and construction industries.
2. The State Secretariat for Chemistry has to give up 104,000,000 eastmarks of the 336,000,000 eastmarks allocated for 1953. As a result of this cutback, the Heavy Chemical Industry alone has had to return 67,000,000 eastmarks. The following key plants were affected:
 - a. VEB Elektrochemisches Kombinat Bitterfeld must return 23,600,000 eastmarks. On the orders of Heinrich Rau, the main aluminum plant must be completed at all costs.
 - b. VEB Farbenfabrik Wolfen must return 12,500,000 eastmarks. The research factory must be shut down immediately. The gypsum-sulphuric acid plant must, on the orders of Rau, be completed as far as building stage II.
 - c. VEB Schwefelsaeure- und Superphosphatwerk Goswig/Anhalt must return 7,000,000 eastmarks. The building of a second gypsum-sulphuric acid plant must be postponed provisionally until next year.
 - d. VEB Sprengstoffwerk I Schoenebeck must return 2,700,000 eastmarks. Building of a new trichlorethylene plant is to stop. However, Rau is endeavoring at the moment to obtain approval to continue this building project during 1953. A decision has not yet been obtained from the central committee.
 - e. VEB Sodafabrik Bernburg must return 20,700,000 eastmarks. The building of an extension for the soda and caustic soda plant is to stop. The power plant extension is to be shut down.

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f. VEB Sodafabrik Stassfurth must return 300,000 eastmarks. Construction of the extension to the production plant is to stop.

g. VEB Elektrochemie Hirschfelde must return 100,000 eastmarks. Carbide production must be cancelled.

h. Materials for the production of the following products have been cancelled:

chloride (1) ^{ab}Methylchlör^{id}ide

(2) Ferrous alloys

(3) Hexa (sic)

phenol (4) Pentachlorophenol

(5) Magnesium

3. Substantial power projects in the chemical industry have been cancelled. The plants most seriously affected were VEB Farbenfabrik Wolfen, VEB Elektrochemisches Kombinat Bitterfeld, and VEB Sodafabrik Bernburg.

4. The completion date for the aluminum plant at Bitterfeld is 1 January 1954. The plant will need 4,000,000 watts. This amount will not be available by 1 January 1953 because the Vockerode power plant will probably not be put into operation until 1955. The third and fourth calcinating drums being manufactured in the Lauter Werk cannot be completed before 1 January 1954. The steady supply of raw aluminum necessary for the production of aluminum is thus not assured. The bauxite imported from Rumania is deficient in quality and does not meet the expected demands.

1. Comment: Not further identified.

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